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Joel E. Lubin
Regulatory Vice President
Government Affairs

Room 5460C2
295 North Maple Avenue
Basking Ridge, NJ 07920
908 221-7319
FAX 908 221-4628

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June 28, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Ex-Parte Erratum - CC Docket No. 96-98 and CC Docket No. 96-45

Dear Mr. Caton:

Attached is a correction to the spreadsheet analysis that AT&T filed in an Ex-Parte on June 21, 1996. The original spreadsheet included an input sheet that will enable the user to vary inputs for factors affecting the quantification and funding of subsidies and the unbundled network elements. This correction modifies the manner in which one of those factors, incremental changes to Subscriber Line Charges (SLC), is applied to the Base Case analysis. The correction does not impact the results of the Base Case analysis because this analysis didn't change the SLC.

In addition to this erratum, the attached spreadsheet also contains clarifications to facilitate its use as a simulator of the Hatfield Model applied to universal service reform. These clarifications include:

1. The output line labeled Monthly Local Service TSLRIC - Hatfield is relabeled as an approximation to the Hatfield Model's output. These outputs may be updated upon the availability of Hatfield Model results for the TSLRIC of local service.

2. The input factors of "Cost of Capital" and "Variable Overhead" have been modified to measure increments off of the Base Case analysis, similar to the application of Subscriber Line Charges.

Once again, none of these changes affect the results of the Base Case analysis because above parameters were not changed for the base case.

In accordance with Commission Rule 1.1206(a)(1), two copies of computer diskettes containing the spreadsheet, along with printed output reports are being filed with you for inclusion in the public record. A copy of this transmittal letter is provided for this purpose. Please contact me if you have questions.

Sincerely,

Joel E. Lubin
GA Vice President

Attachments

cc: J. Farrell
J. Olson
T. Koutsky
G. Rosston

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Description of:

"SUBSIDY" MODEL FOR EVALUATING THE SIZE AND RECOVERY OF ALTERNATIVE UNIVERSAL SERVICE FUNDING OPTIONS

1. Introduction

This model was developed for the purpose of evaluating various options for the composition and recovery of universal service funding requirements to be implemented in the months to come. It has been structured to utilize, to the maximum extent possible, publicly available data. As presently structured, it has the capability to evaluate a wide variety of alternative plans, of which computations have been done for only a few. The model could accommodate, if so desired, many more alternatives with the addition of appropriate data.

The model was built using Microsoft Excel® Version 5.0 The sections below describe the various worksheets of the model and the data contained therein.

2. Worksheet "Inputs"

The purpose of this Worksheet is to provide one area to change all parameters required to define a given scenario to be evaluated. Some of the currently defined parameters relate only to very specific scenarios, others are essential to every scenario[1]. Additional inputs may be defined and added to this worksheet as new scenarios are defined.

3. Worksheet "Hatfield"

This worksheet contains, as a key input segment of the model, inputs from the "Hatfield Model"[2]. The data is formatted in a manner similar to that displayed in the Hatfield Model documentation. These inputs are copied into the Subsidy Model in Cells A56 through AO110.

The worksheet area immediately above the raw Hatfield data provides the capability to vary, within the Subsidy Model, the assumptions of the Hatfield Model with regard to cost of capital, taxes and overhead. This capability works by backing out, or removing, the components of annual cost attributable to cost of capital and/or overhead based on values in the Hatfield Model and inserting test values as shown as "Deltas" in the Inputs Worksheet. As long as the Delta Cost of Capital and Delta Overhead inputs on Worksheet " Inputs" are set to zero, there will be no change to the Hatfield data as entered.

Columns AP through AV contain monthly Local Service TSLRIC values by density zones. The cells contain formulas developed to approximate Hatfield methodology and will compute values which reflect the Subsidies Model values for cost of capital and overhead.

Column AY contains the national average monthly affordable residential local service rate (including SLC and TouchTone) as defined in Sheet "Inputs", Cell B21. (Note that this rate will change for any scenarios which reflect a change in the monthly SLC rate, but not, in the current configuration of the model, for any other changes).

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[1] The current inputs and their purpose are described in Appendix B. Development of retail revenues from the 1994 TRS Reports is described in Appendix C.

[2] See Reply Comments of AT&T, CC Docket 96-98, Attachment D, May 30, 1996.

Columns AZ through BF compute the "national" subsidy for each state in each density zone based on the product of the units (households with telephones) and the difference between the Hatfield monthly TSLRIC cost and the national affordable rate. If the difference is less than zero, the value of the subsidy is zero. One other exception is that if the national affordable rate is less than the ACTUAL rate in the state, the "national" subsidy will be calculated as the difference between the Hatfield monthly TSLRIC cost and the actual rate in the state.

Columns BG through BM contain the actual state residential rates (including SLC and TouchTone)[3]. Likewise, scenarios which prescribe a change in the monthly SLC rate will cause the "actual" state rates to change also.

Columns BN through BT compute the subsidy for each state in each density zone based on the difference between the Hatfield monthly TSLRIC cost and the actual state rate. If the difference is less than zero, the value of the subsidy is zero. If the national affordable rate is less than the ACTUAL rate in the state, the "national" subsidy and the subsidy calculated on the basis of the actual state rate should be equal.

Columns BU through CA compute the optional state subsidy. This is intended as an option for state regulators in states where the actual rate is LESS than the affordable national rate, to recover the difference between the "national" subsidy and the subsidy as computed on the basis of the actual state rate. Thus, the sum of the "national" subsidy and the optional state subsidy should always equal the subsidy calculated on the basis of the actual state rate. However, where the vertical service revenue option is "on", the subsidy will be based on the difference between the national affordable rate and the actual state rate INCLUDING average vertical service revenue.

4. Worksheet "ARMIS"

Worksheet "ARMIS" contains selected data from Tier 1 LEC ARMIS reports which may serve as a basis for evaluating the magnitude of various subsidies and the efficacy of various recovery options. The ARMIS data in the Subsidies model is as reported by the LECs for calendar year 1995. Lines 1 through 122 of Worksheet "ARMIS" contain all Tier 1 ARMIS data in AT&T's possession as of June 1, 1996. There are a few omissions of which AT&T is aware, e.g., Rochester Telephone. This data can be easily inserted when acquired by AT&T (or any other user of the model). Lines 140 through 190 sum the Tier 1 data to include all Tier 1 companies by state. Lines 240 through 290 sum the data to conform with current Hatfield data, i.e., the single largest LEC, usually a BOC, for each state. The Subsidy model has a switch to permit the use of either of these data sets (see Worksheet "Inputs", Line 9). However, unless and until the Hatfield inputs are updated to include non-RBOC data, it is recommended that the switch be left in the BOC position.

Columns B through J contain data on calls and minutes of use from ARMIS 43-08. Along with the DEM percentages contained in Column K, this data is used to approximate total inter and intrastate minutes of use. Columns R through U contain access revenue data from ARMIS 43-03. This data is used in the calculation of switched access cost per MOU. Columns AA and AB contain the Residence and Business Access Lines by state. Columns AD through AF contain LEC retail, local and toll revenue, respectively. This revenue data is used in the calculation of various hypothetical subsidy recovery alternatives, such as the optional state specific alternative. Columns AL through AO contain penetration percentages by state and residential line data for 1990 and 1995 from the ARMIS 43-01 Report. This information is used to develop a factor to convert 1990 household data into 1995 households with telephones, i.e., households or "primary lines" eligible for a subsidy.

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[3]Appendix A, Attachment 1 displays the local rates, including SLC and TouchTone, for each density zone of each state and the weighted average rates for each state and each density zone.

5. Worksheet "Subsidies"

Worksheet "Subsidies" combines data from other worksheets in the model plus some additional data to compute the size of various subsidies based on parameter values specified in Worksheet "Inputs" for the scenario being evaluated.

Line 5 contains the "Economic Subsidy" as computed for each state in Worksheet "Hatfield". Lines 11 through 29 contain the elements of subsidy required to keep non Tier 1 LECs in the same universal service position they were in at the initiation of the recovery mechanisms. These elements include USF, Lifeline/Linkup, DEM weighting, Long Term Support and the difference between the existing non Tier 1 weighted average switched access rate and the Tier 1 switched access rate. The data shown in Worksheet "Subsidies" for non Tier 1 LECs is considered preliminary and is not used in the calculations in this version of the model. Lines 33 through 35 contain current BOC Lifeline/Linkup amounts. Subsidy options can be evaluated based on any combination of the amounts represented by the economic subsidy, non Tier 1 and Lifeline/Linkup. Lines 39 and 40 contain data for two potential offsets to be deducted from the calculated subsidy, Cellular License Value and Interstate Overearnings (the difference between actual 1995 interstate earnings and interstate earnings at 11.25% R/R). If the combination of these two offsets is greater than the calculated subsidy, then there is no subsidy funding by means of tlelphony revenues. Line 43 contains the optional state subsidy amounts as calculated on Worksheet "Hatfield." Line 44 contains a potential offset to the state subsidy, Yellow Pages earnings. The estimated excess nationwide Yellow Pages earnings, ($2B) have been allocated to the individual states on the basis of residence and business lines. If the difference between the optional subsidy for a specific state and that state's allocated excess Yellow Pages earnings is less than zero, then there is no subsidy funding by means of tlelphony revenues. Lines 47 and 48 contain state by state intrastate revenues for use in calculating the optional state subsidy surcharge. Lines 52 through 54 and 56 through 58 contain Residence and Business Subscriber Lines for Tier 1 and RBOCs, respectively. Finally, Lines 60 and 61 contain state by state High Cost Fund information.

6. Worksheet "Report"

Worksheet "Report" describes a limited number of options for recovery of the subsidy, including the economic subsidy plus Lifeline and Linkup, less the Cellular License and Overearnings offsets (non Tier 1 support is not included in the calculations at this time.) As currently configured, Worksheet "Report" calculates a nationwide surcharge collected by carriers from end user customers on all industry retail revenue and also a nationwide surcharge assessed on carriers based on their total retail revenue. A second option calculates the level of surcharge based on retail revenue (end user and carrier) net of local revenue. If the components of the subsidy sum to less than zero, the subsidy is set at zero.

Worksheet "Report" also calculates a nationwide average optional state subsidy recovery using the same end user and carrier retail revenue assumptions. The actual charge for each state would be different. This calculation is intended to be illustrative only. Since the illustrative surcharge level is calculated on the basis of intrastate retail revenue in all states, the surcharge in most states which actually impose it would be higher because many states would not qualify for a surcharge because their rates are higher than the national affordable rate. As shown on Worksheet "State Report", the potential state subsidy recovery is offset by Yellow Pages earnings and the recovery is zero if excess Yellow pages earnings are greater than the calculated subsidy

7. Worksheet "State Report"

Worksheet "State Report" summarizes, for each state, the Hatfield unbundled elements, the monthly local service TSLRIC by density zone. It also summarizes the amount of economic subsidy, the number of households receiving the subsidy, and the subsidy per line in each density zone. The subsidies are summarized on the basis of the nationwide affordable rate, the actual state specific rate and the optional state specific subsidy.

Surcharges based on state specific intrastate retail revenues and state specific intrastate retail less local revenues are calculated for the recovery of the optional state specific subsidy. The total intrastate revenues have been approximated by "grossing up" the LEC intrastate revenues by the ratio of total industry intrastate revenue to total LEC intrastate revenue. Note again that the surcharge will be calculated as zero if the state specific yellow pages earnings exceed the calculated state subsidy.

8. Worksheet "Total RBOC"

Worksheet "Total RBOC" contains the sums and weighted averages, as appropriate, of the data contained on the individual state reports contained in Worksheet "State Report".

9. Worksheet "Appendix C"

Worksheet "Appendix C" documents the development of the nationwide retail revenue numbers used in the calculation of the surcharges. The primary basis for this development were the TRS reports filed by all carriers in January, 1996.

10. Worksheet "Attachment 3"

Worksheet "Attachment 3" contains data on state specific rates and households. Cells A1 through H58 contain individual state rate data, developed as described in Appendix A, Pages 1 through 5 of this document. Cells A61 through H118 contain 1990 household data by state and density zone[4]. Cells A131 through H188 apply the factor developed on Worksheet "ARMIS" to adjust the 1990 household data to 1995 households with telephones. Cells T1 through AB162 would show vertical service revenue by state and density zone (no data has been inserted at this time). For "What if" purposes, a single

[4] See Ex Parte statement of USWest, CC Docket 80-286, December 1, 1995.

hypothetical amount can be inserted in all cells based on the amount in Worksheet "Inputs" Cell B22. Cells J1 through R162 show the sum of the individual local rate and vertical service revenue, if any. Cells AD1 through AL162 show the individual state rates net of any vertical service revenue.

11. Worksheet "Capital Ratios"

Worksheet "Capital Ratios" documents the development of factors for use in adjusting Cost of Capital and income tax as applied internal to the Hatfield Model. The assumption is that the annual capital cost (return plus tax only) is directly related to % return and % tax. Return and Tax can be adjusted within this model as controlled by Worksheet "Inputs" Cells B18 and B20. These values plus the individual plant category life are used to calculate a baseline ratio of capital cost to investment. This ratio is shown on Worksheet "Hatfield", Line 213. When the Cost of Capital and Tax factors are changed on Worksheet "Inputs", new ratios of capital cost to investment are calculated and displayed on Worksheet "Hatfield", Line 214. Worksheet "Hatfield" uses these ratios to remove the baseline cost of capital (Line 213 times the specific investment from the Hatfield input data) and insert the revised cost of capital (Line 214 times the specific investment from the Hatfield input data). If the Delta Cost of Capital and Tax factors are set on Worksheet "Inputs" to 0% and 40%, respectively, there will be no change to the TSLRIC costs as input from the Hatfield Model.

GLOSSARY

TSLRIC - Total Service Long Run Incremental Costs.

SLC - Subscriber Line Charge.

Economic Subsidy - The sum, for each state, of the differences in each density zone between the Hatfield calculated TSLRIC monthly local service cost and the monthly national affordable local service rate, multiplied by the number of households in the density zone. If the affordable rate exceeds the TSLRIC cost in any density zone, there is no economic subsidy. Additionally, if the actual rate in a state exceeds the national affordable rate, the economic subsidy represents only the difference between the Hatfield TSLRIC monthly local service cost and the actual rate, if positive.

Optional State Recovery - A subsidy for which a state could impose a charge to recover an additional amount if the Hatfield monthly TSLRIC local service cost is greater than the actual state monthly local service rate and the actual rate is less than the national affordable rate. The optional state charge would be set to recover that portion of the difference between the Hatfield monthly local TSLRIC cost and the actual state local service rate which as not already recovered by the national surcharge.

Cost of capital - For purposes of this model, cost of capital includes a specified return on average net investment plus a gross-up for taxes.

State Specific Rate Assumptions

1	Alabama	Zone 1 local exchange rate is based on an average of BS rate groups 1 and 2; Zone 2 is based on an average of BS rate groups 3 through 6; Zone 3 is based on BS rate group 7; and Zones 4 through 6 are based on BS rate group 8.
2	Arizona	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all Arizona residence subscribers.
3	Arkansas	Zone 1 local exchange rate is based on SWB rate group 1; Zone 2 is based on SWB rate group 2; Zones 3 and 4 are based on rate group 3 and Zones 5 and 6 are base on rate group 4.
4	California	Zone 1 local exchange rate is based on a weighted average of Pacific rate groups 9 through 23. Zone 2 rate is based on a weighted average of Pacific rate groups 2 through 8. Zones 3 through 6 rate is based on Pacific rate group 1. The exchanges listed for each rate group indicate that the less populous exchanges have higher rates than exchanges in the more populous areas. This pattern is uncommon among the states.
5	Colorado	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all Colorado residence subscribers.
6	Connecticut	Zones 1 and 2 local exchange rate is based on SNET rate group 1; Zone 3 rate is based on SNET rate group 2; Zone 4 rate is based on SNET rate group 3; Zone 5 rate is based on SNET rate group 4; and Zone 6 rate is based on SNET rate group 5.
7	Delaware	Zones 1 through 4 local exchange rates are based on BA rate group X and Zones 5 and 5 rate is based on BA rate group Z.
8	District of Columbia	Zones 1 through 6 local exchange rate is based on BA local exchange flat rate for all residence subscribers.
9	Florida	Zone 1 local exchange rate is based on a weighted average of BS rate groups 1 and 2; Zone 2 rate is based on a weighted average of BS rate groups 3, 4, and 5; Zone 3 rate is based on a weighted average of BS rate groups 6, 7, and 8; Zone 4 rate is based on BS rate group 9; Zone 5 is base on a weighted average of BS rate groups 10 and 11; Zone 6 is based on BS rate group 12.

10	Georgia	Zones 1 local exchange rate is based on BS rate group 2; Zone 2 rate is based on a weighted average of BS rate groups 2, 5 and 7; Zone 3 rate is based on BS rate group 7; Zones 4, 5, and 6 rate is based on BS rate group 12. The other BS rate groups were not used in 1994.
11	Idaho	Zone 1 local exchange rate is based on US West Northern Idaho rate group 1; Zone 2 rate is based on USW Northern Idaho rate group 2; Zone 3 rate is based on USW Southern Idaho rate group 1; Zone 4 rate is based on USW Southern Idaho rate group 2; and Zones 5 and 6 is based on USW Southern Idaho rate group 3.
12	Illinois	Zone 1 local exchange rate is based on Ameritech flat rate group 1; Zone 2 rate is based on Ameritech rate group 2; Zone 3 rate is based on Ameritech rate group 3; Zone 4 rate is based on Ameritech rate group 4; Zones 5 and 6 rate is based on Ameritech rate group 5. The Ameritech measured service rates are not reflected in any of rates used in the Zone analysis. The measured service rates are applicable to Chicago and its suburban areas and will result in rates higher than those used in this analysis.
13	Indiana	Zones 1 and 2 local exchange rate is based on Ameritech rate group 1; Zones 3 and 4 rate is based on Ameritech rate group 2; and Zones 5 and 6 rate is based on Ameritech rate group 3.
14	Iowa	Zones 1 through 6 local exchange rates are based on US West respective rate groups 1 through 6.
15	Kansas	Zone 1 local exchange rate is based on a weighted average of SWB rates for rate groups 1 and 2; Zone 2 rate is based on a weighted average of SWB rates for rate group 3 and 4; Zone 3 rate is based on SWB rate for rate group 5; Zone 4 rate is based on SWB rate for rate group 6; Zone 5 rate is based on SWB rate for rate group 7; and Zone 6 rate is based on SWB rate for rate group 8.
16	Kentucky	Zones 1 through 5 local exchange rates are based on SB respective rates for rate groups 1 through 5; Zone 6 rate is based on SB rate for rate group 5.
17	Louisiana	Zone 1 local exchange rate is based on SB rate for rate group 1; Zone 2 rate is based on a weighted average of SB rates for rate groups 2 through 9; Zone 3 rate is based on SB rate for rate group 10; Zone 4 rate is based on the weighted average of SB rate for rate groups 11 and 12; Zone 5 rate is based on the weighted average of SB rate for rate groups 13 and 14; and Zone 6 rate is based on a weighted average of SB rate for Zones 15 through 19.
18	Maine	Zones 1 through 6 local exchange rates are based on NYNEX respective rate groups 1 through 6.

19	Maryland	Zones 1 through 4 local exchange rates are based on BA rate for rate group 1; Zone 5 rate is based on a weighted average of BA rates for rate groups 2 and 3; Zone 6 rate is based on BA rate for rate group 4.
20	Massachusetts	Zones 1 through 6 local exchange rate is based on NYNEX local exchange flat rate for all residence subscribers.
21	Michigan	Zones 1 through 3 local exchange rate is based on Ameritech rate for rate group A; Zone 4 rate is based on Ameritech rate for rate group B; Zone 5 rate is based on a weighted average of Ameritech rate for rate groups C and D; Zone 6 rate is based on a weighted average of Ameritech rate for rate groups E, F and G.
22	Minnesota	Zones 1 through 4 local exchange rate is based on US West rate for areas outside of Minneapolis/St. Paul. Zones 5 and 6 rate is based on US West rate for Minneapolis/St. Paul.
23	Mississippi	Zone 1 local exchange rate is based on BS rate for rate group 1; Zone 2 rate is based on a weighted average of BS rates for rate groups 2 through 8; Zone 3 rate is based on a weighted average of BS rates for rate groups 9 and 10; Zone 4 rate is based on a weighted average of BS rates for rate groups 11 and 12; Zones 5 and 6 rate is based on BS rate for rate group 13.
24	Missouri	Zones 1 and 2 local exchange rate is based on SWB rate for rate group A; Zone 3 rate is based on SWB rate for rate group B; Zone 4 rate is based on SWB rate for rate group C-Principle; Zone 5 rate is based on SWB rate for rate group C-MCA 1; Zone 6 rate is based on a weighted average of SWB rate for rate group D-Principal, D-MCA 1, and D-MCA 2.
25	Montana	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all residence subscribers.
26	Nebraska	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all residence subscribers.
27	Nevada	Zones 1 through 6 local exchange rate is based on Pacific local exchange flat rate for all residence subscribers.
28	New Hampshire	Zone 1 local exchange rate is based on NYNEX rate group 1; Zone 2 rate is based on a weighted average of NYNEX rates for rate groups 2 through 10; Zone 3 rate is based on a weighted average of NYNEX rates for rate groups 11 through 13; Zone 4 rate is based on a weighted average of NYNEX rates for rate groups 15 through 18; and Zone 6 rate is based on a weighted average of NYNEX rates for rate groups 19 through 21.

29	New Jersey	Zones 1 and 2 local exchange rates are based on BA rate for rate group A; Zones 3 and 4 are based on BA rate for rate group B; Zone 5 rate is based on BA rate for rate group C; and Zone 6 is based on BA rate for rate group D.
30	New Mexico	Zones 1 and 2 local exchange rates are based on US West rate for rate group 1; Zones 3 and 4 are based on US West rate for rate group 2; Zone 5 rate is based on US West rate for rate group 3; and Zone 6 is based on US West rate for rate group 4.
31	New York	Zones 1 through 5 local exchange rates are based on NYNEX respective rates for rate groups 1 through 5. Zone 6 rate is based on a weighted average of NYNEX rates for rate groups 6 through 10. The NYNEX measured service rates are not reflected in any of rates used in the Zone analysis. The measured service rates are applicable to New York City will result in rates higher than those used in this analysis.
32	North Carolina	Zone 1 local exchange rate is based on BS rate for rate group 1; Zone 2 rate is based on a weighted average of BS rates for rate groups 2 through 4; Zone 3 rate is based on a weighted average of BS rates for 5 and 6; Zone 4 rate is based on BS rate for rate group 7; Zone 5 rate is based on a weighted average of BS rates for rate groups 8 and 9; Zone 6 rate is based on BS rate for rate group 10.
33	North Dakota	Zones 1 through 5 local exchange rates are based on US West rate for rate group 1; Zone 6 rate is base on a weighted average of US West rates for rate groups 2 and 3.
34	Ohio	Zones 1 through 6 local exchange rate is based on Ameritech local exchange flat rate for all residence subscribers.
35	Oklahoma	Zones 1 through 3 local exchange rates are based on SWB respective rates for rate groups 1 through 3; Zone 4 rate is based on a weighted average of SWB rates for rate groups 4 and 5; Zone 5 rate is based on SWB rate for rate group 6; and Zone 6 rate is based on SWB rate for rate group 7.
36	Oregon	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all residence subscribers.
37	Pennsylvania	Zones 1 through 5 local exchange rates are based on BA respective rates for rate groups 1 through 5; Zone 6 rate is based on a weighted average of BA rates for rate group 6 and 7.

38	Rhode Island	Zones 1 and 2 local exchange rate is based on NYNEX rate for rate group 1; Zone 3 rate is based on NYNEX rate for rate group 3; Zone 4 rate is based on NYNEX rate for rate group 4: Zone 5 rate is based on a weighted average of NYNEX rates for rate groups 5 through 12; Zone 6 rate is based on a weighted average of NYNEX rates for rate groups 13 through 21.
39	South Carolina	Zone 1 local exchange rate is based on BS rate for rate group 1; Zone 2 rate is based on a weighted average of BS rates for rate groups 2 through 4; Zone 3 rate is based on BS rate for rate group 5; Zone 4 rate is based on BS rate for rate group 6; and Zones 5 and 6 rates are based on BS rate for rate group 7.
40	South Dakota	Zone 1 local exchange rate is based on US West rate for rate group 1; Zones 2 through 4 rates are based on US West rate for rate group 2; Zone 5 rate is based on US West rate for rate group 3; Zone 6 rate is based on a weighted average of US West rates for rate groups 4 and 5.
41	Tennessee	Zone 1 local exchange rate is based on BS rate for rate group 1; Zone 2 rate is based on a weighted average of BS rates for rate groups 2 and 3; Zones 3 through 5 rates are based on BS rate for rate group 4; and Zone 6 rate is based on BS rate for rate group 5.
42	Texas	Zones 1 through 4 local exchange rates are based on SWB respective rates for rate groups 1 through 4; Zone 5 rate is based on a weighted average of SWB rates for rate groups 5 through 7; and Zone 6 rate is based on SWB rate for rate group 8.
43	Utah	Zones 1 through 6 local exchange rate is based on US West local exchange flat rate for all residence subscribers.
44	Vermont	Zone 1 local exchange rate is based on NYNEX measured rate in rate group 1; Zone 2 rate is base on a weighted average of NYNEX measured rates in rate group 2 through 4; Zones 3 and 4 rates are based on NYNEX measured rate in rate group 5; Zones 5 and 6 rates are based on NYNEX respective measured rates in rate groups 6 and 7. Assumed Ind. Rate plus Local Usage Package Rate.
45	Virginia	Zones 1 through 4 local exchange rates are based on BA respective rates for rate groups 1 through 4; Zone 5 rate is based on a weighted average of BA rates in rate groups 5 through 7; Zone 6 rate is based on BA rate for rate group 8.
46	Washington	Zones 1 and 2 local exchange rates are based on US West rate for rate group 1; Zones 3 through 5 rates are based on US West rate for rate group 2; and Zone 6 rate is based on US West rate for rate group 3.
47	West Virginia	Zones 1 through 6 local exchange rate is based on BA local exchange flat rate for all residence subscribers.
48	Wisconsin	Zones 1 through 6 local exchange rate is based on Ameritech local exchange measured rate for all residence subscribers. Assumed the same usage for all customers – 100 five minute calls.
49	Wyoming	Zones 1 and 2 local exchange rate is based on US West rate for rate group 1; Zones 3 through 5 rate is based on US West rate for rate group 2; and Zone 6 rate is based on US West rate for rate group 3.

STATE		DENSITY ZONE 0-5	5-200	200-600	600-900	900-2500	>2550	Average
Arkansas	Rate	$15.61	$17.01	$18.41	$18.41	$19.81	$19.81	$18.20
	Households	24,468	225,084	103,237	38,853	171,602	14,727	577,970
Kansas	Rate	$14.00	$14.62	$15.35	$15.65	$16.00	$16.80	$15.61
	Households	20,075	173,703	94,841	39,166	364,854	71,506	764,145
Missouri	Rate	$11.05	$11.05	$12.60	$13.60	$14.90	$15.33	$13.82
	Households	17,513	260,634	233,964	79,182	589,152	291,796	1,472,242
Oklahoma	Rate	$12.97	$13.52	$14.37	$14.82	$16.47	$17.09	$15.25
	Households	33,607	237,133	124,564	60,182	396,923	75,427	927,835
Texas	Rate	$11.83	$12.03	$12.48	$12.78	$13.36	$14.73	$13.24
	Households	64,358	670,351	655,269	273,599	2,155,680	847,877	4,667,134
Illinois	Rate	$15.54	$16.68	$17.69	$20.24	$20.24	$17.67	$18.55
	Households	4,497	260,129	345,183	154,451	1,116,775	1,522,108	3,403,143
Indiana	Rate	$14.19	$14.19	$15.45	$15.45	$17.51	$17.51	$16.35
	Households	2,309	254,268	203,005	83,860	509,197	194,567	1,247,206
Michigan	Rate	$13.23	$13.23	$13.23	$13.74	$14.54	$15.53	$14.35
	Households	14,806	510,823	386,571	166,709	1,051,778	775,300	2,905,987
Ohio	Rate	$19.59	$19.59	$19.59	$19.59	$19.59	$19.59	$19.59
	Households	296	311,000	328,922	132,802	896,393	719,794	2,389,206
Wisconsin	Rate	$15.34	$15.34	$15.34	$15.34	$15.34	$15.34	$15.34
	Households	1,290	183,187	177,669	54,274	423,472	376,418	1,216,309
D of C	Rate	$18.94	$18.94	$18.94	$18.94	$18.94	$18.94	$18.94
	Households	0	164	1,592	1,721	23,541	194,283	221,302
Delaware	Rate	$18.09	$18.09	$18.09	$18.09	$18.29	$18.29	$18.19
	Households	69	74,171	45,903	16,171	79,507	50,595	266,416
Maryland	Rate	$18.74	$18.74	$18.74	$18.74	$19.58	$20.51	$19.55
	Households	1,811	362,169	239,385	94,255	609,659	563,338	1,870,617
New Jersey	Rate	$11.09	$11.09	$11.79	$11.79	$12.29	$12.53	$12.19
	Households	906	212,621	350,022	145,365	927,382	1,008,351	2,644,647
Pennsylvania	Rate	$17.84	$18.14	$18.14	$21.44	$21.44	$25.29	$22.03
	Households	6,131	526,802	419,716	166,997	908,762	1,330,771	3,359,180
Virginia	Rate	$12.01	$13.62	$14.39	$15.07	$16.28	$18.32	$15.82
	Households	2,082	356,089	242,756	112,115	706,544	356,400	1,775,987
West Virginia	Rate	$40.49	$40.49	$40.49	$40.49	$40.49	$40.49	$40.49
	Households	5,963	296,805	78,434	20,853	111,250	43,994	557,299

Alabama	Rate	$18.39	$19.41	$20.15	$20.15	$21.50	$21.50	$20.32
	Households	16,303	415,769	243,521	69,071	335,719	52,871	1,133,254
Florida	Rate	$11.16	$12.14	$12.86	$13.55	$14.03	$14.15	$13.66
	Households	12,536	337,453	460,176	230,050	1,439,950	837,866	3,318,031
Georgia	Rate	$16.00	$17.14	$18.15	$20.95	$20.95	$20.95	$19.16
	Households	15,008	558,842	465,493	184,977	608,695	123,794	1,956,808
Kentucky	Rate	$15.67	$16.52	$17.19	$17.84	$21.05	$21.05	$18.39
	Households	5,167	343,965	108,061	29,320	209,529	92,331	788,373
Louisiana	Rate	$15.56	$16.64	$17.44	$17.86	$18.28	$19.01	$17.73
	Households	32,431	384,205	207,010	73,011	412,103	249,724	1,358,485
Mississippi	Rate	$20.59	$22.04	$23.71	$24.46	$24.81	$24.81	$23.02
	Households	45,693	442,559	167,941	42,269	180,945	23,280	902,689
North Carolina	Rate	$14.19	$14.85	$15.44	$15.91	$16.44	$16.76	$15.59
	Households	2,276	428,647	270,438	92,724	351,240	23,873	1,169,198
South Carolina	Rate	$17.70	$18.54	$19.50	$19.95	$20.40	$20.40	$19.43
	Households	4,933	311,518	196,955	74,924	214,970	27,943	831,243
Tennessee	Rate	$11.05	$12.19	$15.35	$15.35	$15.35	$15.65	$14.25
	Households	8,016	530,563	326,915	94,707	459,181	108,987	1,528,370
Massachusetts	Rate	$21.19	$21.19	$21.19	$21.19	$21.19	$21.19	$21.19
	Households	566	350,877	420,618	138,434	559,240	857,915	2,327,650
Maine	Rate	$14.85	$15.24	$15.61	$16.02	$16.45	$17.30	$15.74
	Households	6,556	195,194	64,054	13,627	58,724	42,818	380,972
New Hampshire	Rate	$14.46	$15.99	$17.44	$18.00	$17.51	$19.98	$16.82
	Households	4,533	187,639	83,064	8,419	56,731	21,497	361,883
New York	Rate	$16.79	$17.48	$18.17	$18.88	$19.62	$21.56	$20.47
	Households	8,082	615,687	418,399	158,465	1,012,353	3,620,743	5,833,729
Rhode Island	Rate	$16.64	$16.64	$16.78	$16.89	$17.35	$20.76	$18.42
	Households	32	53,148	52,981	17,486	122,831	144,957	391,436
Vermont	Rate	$17.49	$20.13	$21.79	$21.79	$22.89	$23.69	$21.04
	Households	3,427	102,934	25,235	4,396	21,815	16,333	174,140
Alaska	Rate							
	Households							
California	Rate	$16.87	$15.63	$15.59	$15.59	$15.59	$15.59	$15.60
	Households	66,747	664,905	901,592	348,104	3,055,899	3,164,699	8,201,906
Hawaii	Rate							
	Households	0	0	0	0	0	0	
Nevada	Rate	$14.34	$14.34	$14.34	$14.34	$14.34	$14.34	$14.34
	Households	13,484	28,023	22,451	2,153	50,194	41,530	157,836
Connecticut	Rate	$14.87	$14.87	$15.87	$16.87	$17.87	$18.87	$17.01

	Households	2	237,481	281,738	72,642	360,635	286,726	1,239,224
Arizona	Rate	$15.90	$15.90	$15.90	$15.90	$15.90	$15.90	$15.90
	Households	43,526	167,998	167,070	67,231	704,589	351,640	1,502,053
Colorado	Rate	$18.29	$18.29	$18.29	$18.29	$18.29	$18.29	$18.29
	Households	38,523	188,905	155,859	66,296	586,785	335,273	1,371,640
Idaho	Rate	$12.00	$13.50	$13.64	$14.54	$15.53	$15.53	$14.33
	Households	23,599	79,535	51,126	13,881	108,560	18,322	295,024
Montana	Rate	$17.34	$17.34	$17.34	$17.34	$17.34	$17.34	$17.34
	Households	18,043	47,096	29,390	7,726	67,146	22,095	191,496
New Mexico	Rate	$14.30	$14.30	$15.95	$15.95	$17.58	$19.20	$16.58
	Households	28,770	105,948	82,031	20,650	182,132	71,762	491,293
Utah	Rate	$11.48	$11.48	$11.48	$11.48	$11.48	$11.48	$11.48
	Households	18,293	87,647	81,876	33,497	274,825	95,083	591,221
Wyoming	Rate	$16.98	$16.98	$18.05	$18.05	$18.05	$18.98	$17.67
	Households	848	1,816	1,077	151	2,118	416	6,425
Iowa	Rate	$14.45	$14.95	$16.45	$16.45	$16.95	$18.45	$16.48
	Households	16,766	169,324	109,284	34,099	273,454	86,957	689,884
Minnesota	Rate	$17.35	$17.35	$17.35	$17.35	$18.92	$18.92	$18.29
	Households	22,524	225,701	178,442	83,655	451,965	304,629	1,266,917
North Dakota	Rate	$14.39	$14.39	$14.39	$14.39	$14.39	$15.89	$14.59
	Households	23,534	35,785	20,467	5,889	48,282	20,653	154,609
Nebraska	Rate	$18.40	$18.40	$18.40	$18.40	$18.40	$18.40	$18.40
	Households	17,853	64,992	29,971	16,011	138,532	59,721	327,079
South Dakota	Rate	$16.34	$17.04	$17.04	$17.04	$17.84	$19.29	$17.36
	Households	32,932	61,108	21,672	8,444	59,983	17,457	201,597
Oregon	Rate	$16.30	$16.30	$16.30	$16.30	$16.30	$16.30	$16.30
	Households	25,336	137,348	84,561	38,112	320,193	183,949	789,500
Washington	Rate	$12.25	$12.25	$12.25	$12.25	$13.00	$13.50	$12.87
	Households	22,120	184,298	194,000	79,351	547,876	357,770	1,385,415
Total	Rate	$15.48	$16.50	$16.42	$16.81	$16.89	$18.22	$17.11
	Households	778,638	12,662,044	9,954,500	3,770,327	24,319,624	20,100,869	71,586,003

Listed below are the current entries on Worksheet "Inputs" and their purpose:

RBOC/LEC Switch	This value determines whether state totals from the ARMIS worksheet are total Tier 1 or RBOC only. (This value is currently set for RBOC only and should remain so until such time as the Hatfield data is updated to include total Tier 1.
Vertical Services Switch	This value enables the user to exclude vertical services from consideration even though the vertical service revenue range on Worksheet "Attachment 3" contains values.
Total Residence Lines	Total Residence Lines, from ARMIS.
Total Business Lines	Total Business Lines, from ARMIS.
Retail Revenues	Total telecommunications revenues derived from end users.
Intrastate Retail Revenues	Total telecommunications revenues derived from end users and assigned to the intrastate jurisdiction.
Local Revenues	Total telecommunications revenues derived from end users and classified as local service.
Intrastate Retail - Local Revenues	Total telecommunications revenues derived from end users and NOT classified as local service.
Delta SLC/Mo	Changes in SLC assumed as part of a scenario under study.
Delta Cost of Capital	The change in embedded % cost of capital assumed for the TSLRIC data in the scenario under study.
Delta Variable Overhead	The change in embedded % variable overhead assumed for the TSLRIC data in the scenario under study.
Tax Factor	The % tax factor assumed for capital cost development in the scenario under study.
National Affordable Local Rate/Mo	The rate level, including SLC and TouchTone, which defines the eligibility of lines in each state density zone for the national high cost subsidy. The assumed value is $20.00 per month. The user can, however, change this amount as appropriate to the scenario under study.
Weighted Ave Vertical Service Rev	The weighted per month per household (with telephones) nationwide average vertical service revenue.
Yellow Pages Earnings ($M)	The estimated excess nationwide earnings from Yellow Pages revenues.
Cellular License Value ($M)	The estimated annualized value of LEC (RBOC) cellular licenses.
Aggregate Overearnings	The difference between 1995 RBOC plus SNET interstate actual return and return at 11.25%, grossed up for taxes, based on 492 reports filed in April, 1996.

RETAIL REVENUES ($M)

Source: 1994 TRS Report, Table 3, released 1/96)

	Total	Interstate	Intrastate
TRS Total	$183,915	$80,394	$103,521
Access	$34,683	$24,619	$10,064
less end user charges	$7,242	$5,294	$1,948
T1-Total	$6,783		
T1 Adj Factor (Ln.18)	93.65%		
Net Access	$27,440	$19,325	$8,115
Alternative Access & Other	$8,321		$7,168
TRS Retail Revenues	$148,154	$61,069	$88,238
Local Revenues			$63,983
less Alt Acc & Oth			$7,168
Net Local Revenues			$56,815
Retail less Local Revenues			$29,475

Development of EUCL adj Factor by estimating amount of Tier 1 EUCL Rev

Line	Item	Amount	Source
1	Tier 1 USF Loops	137,740,551	USF Data Submission of 1994
2	Non-Tier 1 USF Loops	10,449,869	USF Data Submission of 1994
3	Total Loops	148,190,420	Line 1 + Line 2
4	Proportion Tier 1 Business Lines	37.25%	Annual Tier 1 Telco Data
5	Proportion Tier 1 Residence Lines	62.75%	Annual Tier 1 Telco Data
6	Proportion Non-Tier 1 Business Lines	18.32%	REA Statistical Summary
7	Proportion Non-Tier 1 Residence Lines	81.68%	REA Statistical Summary
8	Tier 1 Business Lines	51,303,327	Line 1 * Line 4
9	Tier 1 Residence Lines	86,437,224	Line 1 * Line 5
10	Tier 1 Business EUCL	$307,819,962	Line 8 * $6.00
11	Tier 1 Residence EUCL	$302,530,284	Line 9 * $3.50
12	Total Tier 1 EUCL	$610,350,246	Line 10 + Line 11
13	Non-Tier 1 Business Lines	1,914,491	Line 2 * Line 6
14	Non-Tier 1 Residence Lines	8,535,378	Line 2 * Line 7
15	Non-Tier 1 Business EUCL	$11,486,949	Line 13 * $6.00
16	Non-Tier 1 Residence EUCL	$29,873,821	Line 14 * $3.50
17	Total Non-Tier 1 EUCL	$41,360,770	Line 15 + Line 16
18	Proportion Tier 1 EUCL of Total EUCL	93.65%	Line 12 / (Line 12 + Line 17

UNBUNDLED ELEMENTS/UNIVERSAL SERVICE REFORM

ASSUMED VALUES

RBOC/LEC Switch=	1
Vertical Services Switch=	0
Total Res Lns (M)	98.39
Total Bus Lns (M)	36.42
Retail Revenues ($M)	$148,154
Intrastate Retail Revenues ($M)	$88,238
Local Revenues ($M)	$63,983
Intrastate Retail - Local Revenues ($M)	$29,475
Delta SLC/Mo	$0.00
Delta Cost of Capital	0.00%
Delta Variable Overhead	0.00%
Tax Factor	40.00%
National Affordable Local Rate/Mo	$20.00
Weighted Average Vertical Service Rev/Mo	$0.00
Yellow Pages Earnings ($M)	$2,000
Cellular License Value ($M)	$1,000
Aggregate Overearnings ($M)	$1,072

UNBUNDLED ELEMENTS/UNIVERSAL SERVICE REFORM

SCENARIO

ECONOMIC SUBSIDY ($M)	NON TIER 1 SUBSIDY ($M)	LOW INCOME SUBSIDY ($M)	CELLULAR LICENSE & OVEREARNINGS OFFSETS ($M)	NET NATIONAL SUBSIDY ($M)	OPTIONAL STATE SPECIFIC ECONOMIC SUBSIDY ($M)	YELLOW PAGES EARNINGS OFFSET ($M)	NET STATE SUBSIDY ($M)
$849.23	NA	$141.86	$2,072.35	$0.00	$1,078.49	$2,000.00	$156.65

NATIONAL SUBSIDY RECOVERY MECHANISMS

RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)	RETAIL REVENUE SURCHARGE (CARR)	NET - LOC REVENUE SCHG (CARR)
0.00%	0.00%	0.00%	0.00%

OPTIONAL STATE SPECIFIC SUBSIDY RECOVERY MECHANISMS

RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)	RETAIL REVENUE SURCHARGE (CARR)	RETAIL-LOC REVENUE SURCHARGE (CARR)
0.18%	0.53%	0.18%	0.53%

SUM OF MAJOR LEC BY STATE

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST									
Total	End Office Switching		Signaling			Transport			Oper Sys
Loop	Port	Usage	Link	STP	SCP	Dedicated	Common	Tandem	Per Line-Mo
$10.90	$1.26	$0.002191	NA	$0.000408	$0.000872	$0.001485	$0.002296	$0.001649	$0.158026

Monthly Local Service TSLRIC - Hatfield (Approximation)						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$55.89	$23.27	$17.10	$15.80	$14.76	$13.20	$16.08

Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$15.46	$16.80	$16.42	$16.61	[illegible]	$16.22	$17.11

Average Monthly Vertical Services Revenue						
$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Subsidy By Density Zone based on Actual Rate						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$377,224,305	$1,129,841,851	[illegible]	[illegible]	[illegible]	$14,680,492	$1,827,713,041
Primary Lines Receiving Subsidy By Density Zone						
778,636	12,014,382	[illegible]	[illegible]	[illegible]	1,385,230	[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on Actual Rate						
$40.37	$7.84	$3.26	$2.75	$1.64	[illegible]	[illegible]

National affordable Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00

Subsidy By Density Zone based on National Affordable Rate						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$333,208,665	[illegible]	[illegible]	$0	$0	$0	[illegible]
Primary Lines Receiving Subsidy By Density Zone						
778,636	11,711,403	[illegible]	0	0	0	13,157,756
Subsidy Per Primary Line Per Month By Density Zone based on National Affordable Rate						
$35.66	[illegible]	[illegible]	$0.00	$0.00	$0.00	[illegible]

Optional State Subsidy recovery By Density Zone						
0-5	6-200	201-650	651-850	851-2550	>2550	Total
$44,017,440	[illegible]	[illegible]	[illegible]	[illegible]	$14,680,492	$1,078,485,145
Primary Lines Receiving Subsidy By Density Zone						
726,417	[illegible]	[illegible]	[illegible]	[illegible]	1,385,230	28,083,335
Optional State Subsidy Per Primary Line Per Month By Density Zone						
$5.05	$4.50	$3.17	$2.75	$1.64	$0.88	$3.20

MARYLAND

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST										
Total	End Office Switching		Signaling			Transport			Oper Sys
Loop	Port	Usage	Link	STP	SCP	Dedicated	Common	Tandem	A.Inedible
$11.44	$1.21	$0.001732	NA	$0.000291	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$11.44	1.210384400	$0	NA	0.000290581	0.00079008	0.00191982	0.001026001	0.001600135	0.136280105

Monthly Local Service TSLRIC - Hatfield (Approximation)						
0-5	5-200	201-650	651-850	851-2500	>2500	Total
$80.37	$23.77	$18.11	[illegible]	$15.34	$13.83	[illegible]
$80.37	23.77327278	$18	16.584372	15.34423475	13.83378272	16.38873312

Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	5-200	201-650	651-850	851-2500	>2500	Total
$18.74	$18.74	$18.74	$18.74	[illegible]	$20.51	[illegible]

Average Monthly Vertical Services Revenue						
$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Subsidy By Density Zone based on Actual Rate						
0-5	5-200	201-650	651-850	851-2500	>2500	Total
[illegible]	$21,874,771	$0	$0	$0	$0	[illegible]
Primary Lines Receiving Subsidy By Density Zone						
1,811	382,100	0	0	0	0	[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on Actual Rate						
$51.63	$5.63	$0.00	$0.00	$0.00	$0.00	$5.17

National affordable Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	5-200	201-650	651-850	851-2500	>2500	Total
$20.00	$20.00	$20.00	$20.00	$20.00	$20.00	$20.00

Subsidy By Density Zone based on National Affordable Rate						
0-5	5-200	201-650	651-850	851-2500	>2500	Total
[illegible]	$16,388,700	$0	$0	$0	$0	$17,[illegible],774
Primary Lines Receiving Subsidy By Density Zone						
1,811	382,100	0	0	0	0	[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on National Affordable Rate						
$60.37	$3.77	$0.00	$0.00	$0.00	$0.00	[illegible]

Optional State Subsidy recovery By Density Zone							Yellow pages offset
0-5	5-200	201-650	651-850	851-2500	>2500	Total	
$27,376	[illegible]	$0	$0	$0	$0	[illegible]	$44,7[illegible]
Primary Lines Receiving Subsidy By Density Zone							
1,811	382,100	0	0	0	0	[illegible]	
Optional State Subsidy Per Primary Line Per Month By Density Zone							
$1.20	$1.20	$0.00	$0.00	$0.00	$0.00	$1.20	

State Economic Subsidy Recovery Mechanisms				
RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)		RETAIL REVENUE SURCHARGE (CARR)	RETAIL-LOC REVENUE SURCHARGE (CARR)
0.00%	0.00%		0.00%	0.00%

ARKANSAS

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST

Total Loop	End Office Switching		Signaling			Transport			Oper Sys
	Port	Usage	Link	STP	SCP	Dedicated	Common	Tandem	/Unalloc
$16.17	$1.36	[illegible]	NA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Monthly Local Service TSLRIC - Unfield (Approximation)

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total
$48.50	$30.70	$20.60	$17.02	$17.00	$15.00	$21.00

Monthly Local Service Rate (incl SLC and Touch Tone)

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total
$15.61	$17.61	$18.41	[illegible]	$18.61	$18.61	[illegible]

Average Monthly Optional Services Revenue

$0.00	$0.00	[illegible]	[illegible]	[illegible]	$0.00	$0.00

Subsidy By Density Zone based on Actual Rate

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$0	[illegible]

Primary Lines Receiving Subsidy by Density Zone

34,488	[illegible]	[illegible]	0	0	0	[illegible]

Subsidy Per Primary Line Per Month by Density Zone based on Actual Rate

$50.00	$0.70	$1.00	[illegible]	[illegible]	[illegible]	[illegible]

National Affordable Monthly Local Service Rate (incl SLC and Touch Tone)

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Subsidy By Density Zone based on National Affordable Rate

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$0	[illegible]

Primary Lines Receiving Subsidy by Density Zone

34,488	[illegible]	[illegible]	0	0	0	[illegible]

Subsidy Per Primary Line Per Month by Density Zone based on National Affordable Rate

$50.00	$0.70	$1.00	[illegible]	[illegible]	[illegible]	$0.17

Optional Max Subsidy Allowed by Density Zone

0-0	0-399	401-800	801-1200	1201-2000	>2000	Total	Yellow pages offset
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$0	[illegible]	$14,816,700

Primary Lines Receiving Subsidy by Density Zone

34,488	[illegible]	[illegible]	0	0	0	[illegible]

Optional Max Subsidy Per Primary Line Per Month by Density Zone

$4.30	$0.00	$1.00	[illegible]	[illegible]	[illegible]	[illegible]

State Economic Subsidy Recovery Mechanisms

RETAIL REVENUE ASSESSMENT (SU)	RETAIL-LOC REVENUE PURCHASE (SU)		RETAIL REVENUE ASSESSMENT (CANA)	RETAIL-LOC REVENUE PURCHASE (CANA)
0.00%	0.00%		0.00%	0.00%

KANSAS

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST

Total Loop	End Office Switching		Signaling			Transport			Cross Sys Allocator
	Port	Usage	Link	STP	SCP	Dedicated	Common	Tandem	
$14.41	$1.43	[illegible]	NA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Monthly Local Service TELRIC - Hatfield (Approximation)

0-0	0-200	201-400	401-600	601-3000	>3000	Total
$00.75	$20.09	$16.77	$17.97	$17.29	$16.23	$20.16

Monthly Local Service Rate (Incl SLC and Touch Tone)

0-0	0-200	201-400	401-600	601-3000	>3000	Total
$14.00	$14.62	$15.35	$15.65	$15.00	$15.00	$15.51

Average Monthly Optional Services Revenue

$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Subsidy By Density Zone based on Actual Rate

0-0	0-200	201-400	401-600	601-3000	>3000	Total
$13,499,429	$83,997,769	[illegible]	[illegible]	[illegible]	$0	$00,100,000

Primary Lines Receiving Subsidy by Density Zone

39,075	173,705	[illegible]	[illegible]	[illegible]	0	000,000

Subsidy Per Primary Line Per Month By Density Zone based on Actual Rate

$00.75	$11.47	$7.72	$0.00	$1.20	$0.00	$0.91

National Affordable Monthly Local Service Rate (Incl SLC and Touch Tone)

0-0	0-200	201-400	401-600	601-3000	>3000	Total
$00.00	$00.00	$00.00	$00.00	$00.00	$00.00	$00.00

Subsidy By Density Zone based on National Affordable Rate

0-0	0-200	201-400	401-600	601-3000	>3000	Total
$11,000,107	$12,000,002	$0	$0	$0	$0	$00,071,270

Primary Lines Receiving Subsidy by Density Zone

39,075	173,705	0	0	0	0	100,770

Subsidy Per Primary Line Per Month By Density Zone based on National Affordable Rate

$40.75	$0.00	$0.00	$0.00	$0.00	$0.00	$10.51

Optional State Subsidy recovery by Density Zone

0-0	0-200	201-400	401-600	601-3000	>3000	Total	Yellow pages offset
$1,400,000	$11,007,007	[illegible]	[illegible]	[illegible]	$0	[illegible]	$10,000,073

Primary Lines Receiving Subsidy by Density Zone

39,075	173,705	[illegible]	[illegible]	[illegible]	0	000,000

Optional State Subsidy Per Primary Line Per Month By Density Zone

$0.00	$5.10	$4.42	$2.52	$1.20	$0.00	$2.54

State Economic Subsidy Recovery Mechanisms

RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)		RETAIL REVENUE SURCHARGE (CANA)	RETAIL-LOC REVENUE SURCHARGE (CANA)
0.89%	2.67%		0.88%	2.60%

MISSOURI

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST

Total	End Office Switching		Signaling			Transport			Oper Sys
Loop	Port	Usage	Link	STP	SCP	Dedicated	Common	Tandem	[illegible]
$14.28	$1.22	$0.001956	NA	$0.000321	$0.000721	$0.001240	[illegible]	[illegible]	[illegible]

Monthly Local Service TSLRIC - Hatfield (Approximation)

0-5	6-200	201-650	651-850	851-2500	>2500	Total
$48.90	$27.40	$20.38	$18.78	$17.50	$18.03	$19.38

Monthly Local Service Rate (incl SLC and Touch Tone)

0-5	6-200	201-650	651-850	851-2500	>2500	Total
$11.05	$11.05	[illegible]	[illegible]	[illegible]	$15.33	$13.82
Average Monthly Vertical Services Revenue						
$0.00	$0.00	[illegible]	[illegible]	[illegible]	$0.00	$0.00
Subsidy By Density Zone based on Actual Rate						
0-5	6-200	[illegible]	[illegible]	[illegible]	>2500	Total
$7,705,027	$61,150,700	[illegible]	[illegible]	[illegible]	$2,403,102	$107,111,[illegible]
Primary Lines Receiving Subsidy by Density Zone						
17,513	[illegible]	[illegible]	[illegible]	[illegible]	201,765	1,472,[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on Actual Rate						
$37.04	$18.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

National affordable Monthly Local Service Rate (incl SLC and Touch Tone)

0-5	6-200	[illegible]	[illegible]	[illegible]	>2500	Total
$20.00	$20.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Subsidy By Density Zone based on National Affordable Rate

0-5	6-200	[illegible]	[illegible]	[illegible]	>2500	Total
$5,[illegible],776	$33,147,571	[illegible]	$0	$0	$0	[illegible]
Primary Lines Receiving Subsidy by Density Zone						
17,513	[illegible]	[illegible]	0	0	0	512,111
Subsidy Per Primary Line Per Month By Density Zone based on National Affordable Rate						
$20.00	$7.40	[illegible]	[illegible]	[illegible]	[illegible]	$4.[illegible]

Optional State Subsidy recovery By Density Zone

0-5	6-200	[illegible]	[illegible]	[illegible]	>2500	Total	Yellow pages Offset
$7,[illegible]	$57,[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Primary Lines Receiving Subsidy by Density Zone							
17,513	[illegible]	[illegible]	[illegible]	[illegible]	201,765	1,472,[illegible]	
Optional State Subsidy Per Primary Line Per Month By Density Zone							
[illegible]	[illegible]	$7.[illegible]	[illegible]	[illegible]	[illegible]	$4.38	

State Economic Subsidy Recovery Mechanisms

RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)		RETAIL REVENUE SURCHARGE (CARR)	RETAIL-LOC REVENUE SURCHARGE (CARR)
2.17%	6.50%		2.13%	6.10%

OKLAHOMA

NETWORK GROUP/NETWORK ELEMENT SUMMARY - UNIT COST									
Total	End Office Switching		Signaling			Transport			Oper Sys
Loop	Port	Usage	Link	STP	SCP	Dedicated	[illegible]	Tandem	[illegible]
$14.11	$1.40	$0.002517	NA	[illegible]	$0.000761	$0.001[illegible]	[illegible]	$0.002312	[illegible]

Monthly Local Service TSLRIC - Hatfield (Approximation)						
0-5	6-100	[illegible]	[illegible]	[illegible]	>2550	Total
$61.28	$28.10	$18.78	$17.38	$18.27	$15.47	$19.85

Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	6-100	[illegible]	[illegible]	[illegible]	>2550	Total
$12.97	$13.52	$14.37	[illegible]	[illegible]	$17.[illegible]	[illegible]
Average Monthly Vertical Services Revenue						
$0.00	$0.00	[illegible]	[illegible]	[illegible]	$0.00	[illegible]
Subsidy By Density Zone based on Actual Rate						
0-5	6-100	[illegible]	[illegible]	[illegible]	>2550	Total
$16,[illegible],323	$[illegible],437	[illegible]	[illegible]	$0	$0	[illegible],347
Primary Lines Receiving Subsidy by Density Zone						
33,[illegible]7	237,133	[illegible]	[illegible]	0	0	[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on Actual Rate						
$[illegible].31	$12.[illegible]	$4.41	[illegible]	[illegible]	[illegible]	[illegible]

National Affordable Monthly Local Service Rate (incl SLC and Touch Tone)						
0-5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Subsidy By Density Zone based on National Affordable Rate						
0-5	[illegible]	[illegible]	[illegible]	[illegible]	>[illegible]	[illegible]
$12,[illegible],205	$17,[illegible]	$0	$0	$0	$0	[illegible]
Primary Lines Receiving Subsidy by Density Zone						
33,[illegible]7	237,133	0	0	0	0	[illegible]
Subsidy Per Primary Line Per Month By Density Zone based on National Affordable Rate						
$31.20	$[illegible].10	[illegible]	[illegible]	[illegible]	[illegible]	$[illegible].23

Optional State Subsidy recovery By Density Zone							Yellow pages offset
0-5	[illegible]	[illegible]	[illegible]	[illegible]	>[illegible]	[illegible]	
[illegible]	$1[illegible],441	[illegible]	[illegible]	[illegible]	$0	[illegible]	$21,[illegible]
Primary Lines Receiving Subsidy by Density Zone							
33,[illegible]7	237,133	[illegible]	[illegible]	0	0	[illegible]	
Optional State Subsidy Per Primary Line Per Month By Density Zone							
$7.03	$[illegible].46	$[illegible].41	[illegible]	[illegible]	[illegible]	$[illegible].41	

State Economic Subsidy Recovery Mechanisms				
RETAIL REVENUE SURCHARGE (EU)	RETAIL-LOC REVENUE SURCHARGE (EU)		RETAIL REVENUE SURCHARGE (CARR)	RETAIL-LOC REVENUE SURCHARGE (CARR)
0.84%	2.50%		0.83%	2.44%